

Message Text

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PAGE 01 MTN GE 05936 261053Z

45

ACTION STR-04

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07

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CIEP-01 SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02

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FM USDEL MTN GENEVA

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ACTION STR

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E.O. 11652: N/A

TAGS: ETRD, MTN

SUBJ: US/CANADIAN BILATERAL DISCUSSIONS ON GOVERNMENT
PROCUREMENT, JULY 23, 1976

1. SUMMARY: US AND CANADIAN OFFICIALS MET TO REVIEW
OUTSTANDING ISSUES RELATING TO THE OECD DRAFT GOVERN-
MENT PURCHASING CODE, TO DISCUSS STRATEGY FOR
COMMENCEMENT OF GOVERNMENT PROCUREMENT WORK IN GENEVA
AND TO EXCHANGE INFORMATION GAINED FROM EACH COUNTRY'S
RECENT BILATERAL DISCUSSIONS WITH THE EC ON THIS SUB-
JECT. CONSULTATIONS GENERALLY INFORMATIVE AND CORDIAL
ALTHOUGH US SURPRISED THAT LIST OF ITEMS TABLED BY
CANADIANS DID NOT INCLUDE MAJOR CODE ISSUES. IT WAS
CLEAR THAT CANADA'S RECENT RELUCTANCE TO ENDORSE OECD
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PAGE 02 MTN GE 05936 261053Z

WORK ON GOVERNMENT PROCUREMENT WILL CONTINUE AND THAT

CANADA IS ANXIOUS TO MOVE THESE NEGOTIATIONS TO THE MTN. GOC IN OTTAWA IS PLANNING MAJOR REVIEW OF GOVERNMENT PURCHASING ISSUE, WITH VIEW TOWARDS MINISTERIAL-LEVEL DECISION ON NEGOTIATING MANDATE IN AUTUMN. DISCUSSIONS ARE ENVISAGED WITH PROVINCES AND KEY CANADIAN BUSINESS CONCERNS. UNLIKELY GOC WILL BE ABLE TO TAKE DEFINITIVE POSITIONS UNTIL THIS PROCESS COMPLETE. END SUMMARY.

2. CANADIAN DELEGATION (MEL CLARK, MTN DEL; TOM BEARNES, OECD MISSION; DOUG MARSHALL, DSS; JEFF ELLIOTT, ITC; GERMAIN DENIS, MTN DEL, AND RICHARD BASTIEN, MTN DEL) MET WITH US OFFICIALS (POMERANZ, STR; NEWKIRK, MTN DEL; HAUGH, OMB; PRUIETT, COMMERCE; SCHOTT, TREASURY; AND DIROLL, STATE) FOR HALF-DAY SESSION AT CANADIAN REQUEST. US SURPRISED BY CLARK PUTTING FORWARD LIST OF DISCUSSION ITEMS LARGELY IGNORING MAJOR CODE ISSUES. LIST PUT FORWARD ALLEGEDLY TO EXAMINE WHETHER EXISTING CODE LANGUAGE REALLY SUFFICIENT TO PROTECT MUTUAL INTERESTS OR WHETHER THEY PRESENTED POSSIBLE LOOPHOLES. CLARK EXPLAINED THAT CANADIAN MTN DEL IS IN PROCESS OF LEARNING ALL IT CAN ABOUT GOVERNMENT PROCUREMENT EFFORT. GOC MOST INTERESTED IN TRANSFER OF SUBSTANTIVE WORK ON GOVERNMENT PURCHASING FROM OECD TO MTN, INDICATING IT DOES NOT REGARD OECD AS NEGOTIATING FORUM AND THAT NO FURTHER PROGRESS CAN BE MADE IN OECD AT THIS POINT. GOC PREFERS TO NEGOTIATE WITH THE EC COMMISSION AS THE SPOKESMAN IN THE MTN RATHER THAN WITH THE NINE MEMBER COUNTRIES SEPARATELY IN THE OECD.

3. US DEL INDICATED THAT WE ARE PROCEEDING ON ASSUMPTION THAT SUBSTANTIVE WORK WILL BEGIN IN GENEVA AT SECOND MEETING OF NTM SUBGROUP ON GOVERNMENT PURCHASING, WHICH WILL LIKELY TAKE PLACE IN EARLY 1977. US THEREFORE HOPES THAT DRAFT CODE TEXT RELEASED TO MTN WILL REPRESENT SOLUTION OF AS MANY CODE ISSUES AS CAN BE RESOLVED IN THIS TIME FRAME. US HAS NOT MADE ANY DECISION TO TERMINATE OECD DISCUSSIONS. US MAINTAINS OPTION TO UTILIZE ANY FORUM WHERE IT IS DETERMINED THAT PROGRESS CAN BE MADE. CAN DEL REQUESTED US VIEWS ON OECD SECRETARIAT PARTICIPATION LIMITED OFFICIAL USE

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PAGE 03 MTN GE 05936 261053Z

TION IN MTN PROCEEDINGS AND CHAIRMANSHIP OF NEW SUBGROUP. CANADA DOES NOT FAVOR OECD ATTENDANCE AT SUBGROUP MEETINGS BECAUSE OF PRECEDENT SET FOR ALLOWING REGIONAL GROUP ATTENDANCE AT MTN MEETINGS AND HAS NO CANDIDATE FOR SUBGROUP CHAIRMANSHIP.

4. CAN DEL REVEALED THAT GOC IS PLANNING MAJOR MINISTERIAL-LEVEL REVIEW OF THE GOVERNMENT PURCHASING ISSUE IN OTTAWA

WITH VIEW TOWARDS OBTAINING NEGOTIATING MANDATE BY LATE FALL. GOC ALSO PLANS TO CONSULT WITH PROVINCES BOTH ON GENERAL PRINCIPLES OF CENTRAL GOVERNMENT MANDATE AND ON WHETHER PROVINCES WILLING TO APPLY PRINCIPLES TO THEIR OWN PURCHASING PRACTICES. CONTACTS WITH KEY CANADIAN BUSINESSES ALSO PLANNED TO REVIEW SPECIFICS OF OECD CODE ARTICLES. GOC UNLIKELY TO BE ABLE TO TAKE DEFINITIVE POSITIONS ON DRAFT CODE BEFORE COMPLETION OF INTERNAL PROCEDURES.

5. CAN DEL LIST OF TOPICS FOR DISCUSSION WAS:

A. GOODS AND SERVICES. CANADIANS INDICATED DESIRE TO REVIEW QUESTION OF WHETHER SERVICES SHOULD CONTINUE TO BE EXCLUDED.

B. SPLIT CONTRACTS.

C. SINGLE-TENDERING.

D. STANDARDS. GOC CONCERNED THAT, IF GOVERNMENT PROCUREMENT STANDARDS ARE NOT BE COVERED BY DRAFT STANDARDS CODE, ART. 15 OF DRAFT GOVERNMENT PROCUREMENT CODE IS NOT STRONG ENOUGH TO TAKE CARE OF PROBLEM.

E. AMENDING TENDERS AND TIME LIMITS.

F. SURVEILLANCE AND DISPUTE SETTLEMENT. BOTH DELS AGREED ON IMPORTANCE OF OBTAINING SPECIFIC DATA FOR BOTH SURVEILLANCE AND DISPUTE SETTLEMENT PURPOSES. CANADA NOTED AREAS OF BROAD SIMILARITY BETWEEN US DISPUTE SETTLEMENT PROPOSAL FOR THE GOVERNMENT PROCUREMENT CODE AND GOC PROPOSAL FOR STANDARDS CODE.

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PAGE 04 MTN GE 05936 261053Z

G. EC SAFEGUARD PROPOSAL. US DEL RELAYED INFORMATION GAINED FROM BILATERAL DISCUSSIONS WITH EC. CANADA AGREED THE EC PROPOSAL TOTALLY UNACCEPTABLE AS IS.

H. RULES AND REGULATIONS.

I. CODE PARAGRAPHS 16 AND 18.

6. BOTH DELS INDICATED TALKS HAD BEEN USEFUL AND AGREED TO CONTINUE INFORMAL BILATERAL CONTACTS. WALKER

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